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March 21, 1980

Hon. Mary Lou Burg
Chairman
Copyright Royalty Tribunal
1111 - 20th Street, N.W., Room 450
Washington, D.C. 20036

Re: Cable Royalty Distribution Proceeding

Dear Madam Chairman:

On behalf of the character claimants identified below, we hereby submit six copies (one executed, five photocopies) of each of the following:

(1) the "Summary Statement of the Direct Case of the Character Claimants";

(2) ten separate affidavits on behalf of the character claimants, namely, one affidavit for Henson Associates, Inc., one for Muppets, Inc. and one on behalf of both Henson Associates, Inc. and Muppets, Inc. (each sworn to March 14, 1980); and one affidavit each for DC Comics, Inc., Marvel Comics Group, a Division of Cadence Industries Corporation, King Features Syndicate, Inc., Archie Enterprises, Inc. (for Archie Comic Publications, Inc. and Radio Comics, Inc.) [all of the foregoing sworn to March 14, 1980], Larry Harmon Pictures Corporation (sworn to March 13, 1980), and Harvey Cartoons (sworn to March 19, 1980); and the affidavit of Tami Kaiser, sworn to March 21, 1980).

Copies of the foregoing material ("Summary Statement" and each affidavit) have been served on the attorneys for other claimants (as listed in the certificate annexed to the "Summary Statement").

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We understand that a "settlement" may have been reached among many of the other claimants, including MPAA, NAB, sports, and PBS, and that further talks are proceeding to enlist the agreement of music.

The character claimants were not invited to participate in and were not consulted concerning those settlement discussions; nor was any provision made to satisfy their pending claims.

Accordingly, the character claimants are ready to proceed with their evidentiary hearing and request that a new hearing date be scheduled. Because our witnesses, who reside in the New York City area, must make definite travel and other arrangements to appear before the Tribunal, we request that the date to be fixed for our evidentiary hearing be a date certain. (You will recall that the original schedule merely called for our hearing "to follow" MPAA's, which was to commence on March 26.)

* * * * *

In recent days, amid the fragmentary reports of settlement discussions that have reached our attention, we have learned that some parties believe that any share to be awarded to the character claimants should be carved out of the share of MPAA (and their allied program syndicators) rather than out of the cable royalty fund as a whole.

We strongly protest these suggestions and would emphasize that any such approach seriously overlooks or miscomprehends the nature and basis of the character owners' claims. For the reasons described more fully in the "Summary Statement of the Direct Case of the Character Claimants" (Part C), in our prior memoranda, and during our oral argument before the Tribunal on December 6, 1979, the basis of the claim of the character owners is inherently different from the basis of the claims of the motion picture and syndicated program producers. Those claims are entirely independent of one another, have no common denominator, and must, we submit, be treated in separate categories.

For these reasons, the claims of the character owners and the claims of MPAA (and the syndicated program producers) do

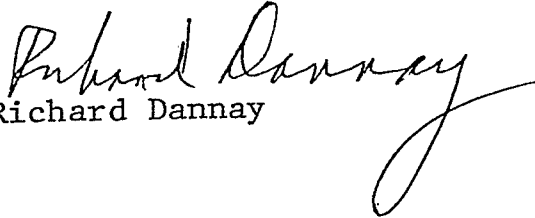
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not conflict and are not inconsistent. Nor, for that matter, do we consider ourselves bound by any arrangements to which we were not party.

The share to which the character claimants are entitled should, therefore, be allocated from the common royalty fund and not from the share of any particular claimant, whether MPAA or another.

Respectfully,

SCHWAB GOLDBERG PRICE & DANNAY


Richard Dannay

RD:msg
enc.

Character Claimants:
Archie Comic Publications, Inc.
DC Comics, Inc.
Harvey Cartoons
Henson Associates, Inc.
King Features Syndicate, Inc.
Larry Harmon Pictures Corp.
Marvel Comics Group, a Division of
Cadence Industries Corporation
Muppets, Inc.
Radio Comics, Inc.

cc: Attorneys for MPAA, NAB, PBS, Joint
Sports Claimants, ASCAP, BMI, SESAC